ALLAN GRAY

Fund managers: Duncan Artus, Pieter Koornhof, Rory Kutisker-Jacobson, Siphesihle Zwane, Tim Acker
Inception date: 13 March 2015

Allan Gray SA Equity Fund

30 April 2024

Fund description and summary of investment policy

The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.

ASISA unit trust category: South African – Equity – General

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the FTSE/JSE All Share Index including income.

How we aim to achieve the Fund's objective

We seek to buy shares offering the best relative value while maintaining a diversified portfolio. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. We invest in a selection of shares across all sectors of the JSE, and across the range of large, mid and smaller cap shares.

Suitable for those investors who

- Seek exposure to JSE-listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility
- Are prepared to accept the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity 'building block' in a diversified multi asset class portfolio

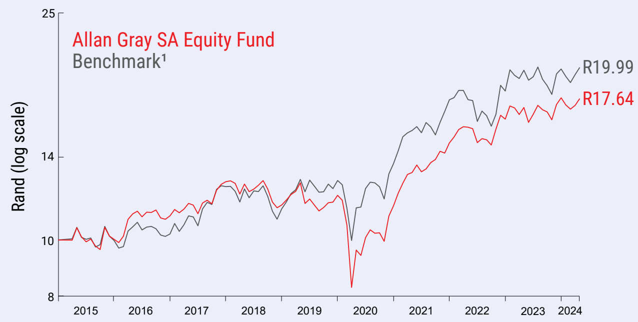
Fund information on 30 April 2024

Fund size	R3.6bn
Number of units	892 713
Price (net asset value per unit)	R447.83
Class	A

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 30 April 2024.
2. This is based on the latest available numbers published by IRESS as at 31 March 2024.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 17 January 2020 to 19 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception of the Fund. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (13 March 2015)	76.4	99.9	59.4
Annualised:			
Since inception (13 March 2015)	6.4	7.9	5.3
Latest 5 years	7.0	9.4	5.1
Latest 3 years	10.4	8.8	6.1
Latest 2 years	5.9	6.7	6.2
Latest 1 year	3.7	1.1	5.3
Year-to-date (not annualised)	-0.3	0.6	1.9
Risk measures (since inception)			
Maximum drawdown[3]	-44.3	-35.2	n/a
Percentage positive months[4]	57.3	55.5	n/a
Annualised monthly volatility[5]	14.8	14.8	n/a
Highest annual return[6]	57.3	54.0	n/a
Lowest annual return[6]	-32.0	-18.4	n/a

Tel 0860 000 654 or +27 (0)21 415 2301 **Email** info@allangray.co.za **www.allangray.co.za**

Fund history

The Allan Gray Equity Fund was managed in exactly the same way as this Fund from the inception of the Allan Gray Equity Fund on 1 October 1998, until March 2015, when the Allan Gray Equity Fund changed its mandate to include the ability to invest offshore. A combined history of the two funds since inception of the Allan Gray Equity Fund can be viewed here.

Meeting the Fund objective

The Fund aims to outperform the South African equity market over the long term, without taking on greater risk. The Fund experiences periods of underperformance in pursuit of this objective. Since inception and over the latest five-year period, the Fund has underperformed its benchmark.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2023	31 Dec 2023
Cents per unit	**874.8755**	**949.678**

Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

For each annualised percentage point above or below the benchmark we add or deduct 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered).

This means that Allan Gray shares in 20% of annualised performance relative to the benchmark.

Total expense ratio (TER) and transaction costs

The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

Top 10 share holdings on 31 March 2024 (updated quarterly)

Company	% of portfolio
British American Tobacco	8.2
Naspers & Prosus	7.6
AB InBev	7.3
Glencore	5.1
Mondi	4.7
Standard Bank	4.6
Nedbank	3.9
Woolworths	3.8
FirstRand Bank	3.0
Sappi	2.8
Total (%)	**51.1**

Sector allocation on 31 March 2024 (updated quarterly)

Sector	% of equities[7]	% of ALSI[8]
Financials	25.5	27.2
Basic materials	22.3	22.2
Consumer staples	21.4	12.2
Consumer discretionary	9.6	7.6
Technology	7.8	14.4
Industrials	6.8	3.8
Telecommunications	3.1	4.7
Healthcare	1.5	2.3
Real estate	1.3	4.7
Energy	0.7	1.0
Total (%)	**100.0**	**100.0**

7. Includes listed property.
8. FTSE/JSE All Share Index.

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2024	1yr %	3yr %
Total expense ratio	**0.60**	**0.83**
Fee for benchmark performance	1.00	1.00
Performance fees	-0.49	-0.29
Other costs excluding transaction costs	0.01	0.01
VAT	0.08	0.11
Transaction costs (including VAT)	**0.10**	**0.10**
Total investment charge	**0.70**	**0.93**

Asset allocation on 30 April 2024

Asset class	Total
Net equity	96.2
Hedged equity	0.0
Property	1.2
Commodity-linked	1.1
Bonds	0.1
Money market and cash	1.4
Total (%)	**100.0**

Note: There may be slight discrepancies in the totals due to rounding.

Fund manager quarterly commentary as at 31 March 2024

In 2023, the FTSE/JSE All Share Index (ALSI) returned 9.3% in rands, while the FTSE/JSE Capped SWIX All Share Index (Capped SWIX) returned 7.9%. Although positive, one could have achieved a similar return from cash while taking on considerably less risk (in 2023, the Allan Gray Money Market Fund generated a return of 8.4%). To make matters worse, in the first three months of the year, markets have given roughly a quarter of this back, with the ALSI down 2.2% and the Capped SWIX down 2.3%. In this environment, the Fund returned -3.0% for the quarter.

There have been few places to hide, with 26 out of the top 40 stocks down in nominal terms over the quarter, including dividends.

It has not just been a lost quarter or year; the JSE has been a poor place to invest for more than a decade. For a global investor, for every R100 you had to invest in the ALSI at the end of December 2010, you would have approximately R360 today, including all dividends reinvested. In US dollars, a US$100 investment would only be worth about US$126 at the end of March 2024, given that the rand has weakened from R6.62/US$ to R18.88/US$ over this time. Excluding dividends, in nominal terms, the value of that investment would be down in US dollars. In contrast, a US$100 investment in the USA's major index, the S&P 500, in December 2010 would be worth roughly US$539 at the end of March 2024 – more than four times the return experienced on the ALSI.

Looking in the rearview mirror and taking South Africa's current political and economic landscape into consideration, it is easy to be despondent about the JSE's return prospects. This crude analysis, however, is not the full picture and masks some important facts:

- The JSE has not been the only bad stock market to invest in over the past decade. Most emerging markets have fared poorly, and the JSE has performed largely in line with its peers. US$100 invested in the MSCI Emerging Markets Index would be worth approximately US$131 at the end of March 2024. Indeed, the past 13-plus years have been more a story of exceptional relative returns from US companies than anything else. The S&P 500's returns have been roughly threefold greater than those of the UK's FTSE All Share Index over this same period.
- Starting prices matter. At the end of December 2010, the ALSI was trading on 17.2 times earnings, while the S&P 500 traded on 14.7 times earnings. At the end of March 2024, the ALSI had derated to 13.1 times earnings, while the S&P 500 had rerated to 21.6 times earnings. Underlying earnings growth has been superior in the USA, but this change in sentiment has had a big impact on returns over time. The ALSI has gone from trading at a premium to trading at a material discount to the S&P 500.
- There is an increasingly large number of multinational companies that happen to be listed on the JSE but derive more than 80% of their revenue and income from markets outside South Africa. They may be listed in South Africa, but their fortunes are not tied to the domestic economy. This is the case for British American Tobacco, Naspers and Prosus, AB InBev, Glencore and Mondi, all of which are top 10 Fund positions.

While we cannot predict what returns one can expect over the next 13-plus years, we can focus on the factors within our control: buying out-of-favour companies at below fair value. In our opinion, the shares listed on the JSE are much cheaper today than they were a decade ago, and we can find a number of attractive opportunities. The opposite is true of many American listed companies.

By way of example, our Fund has two material positions in the global paper and packaging industry: Mondi and Sappi. In 2023, Mondi's earnings fell by roughly 45% as prices and volumes in corrugated packaging and uncoated fine paper came under considerable cyclical pressure. In our opinion, earnings are depressed and current industry pricing is unsustainable. In addition, Mondi has a number of organic projects under development that should see growth in volumes and an improvement in costs. Using what we believe to be conservative normal pricing assumptions, Mondi trades on less than nine times our estimate of normal earnings.

Sappi is a lower quality company than Mondi but also considerably cheaper. At the end of September 2018, the share price was R88.75. At the end of the quarter, some five and a half years later, it was 43% lower at R50.29 per share. Over this period, Sappi's earnings have been cyclical, but it has grown free cash flow and reduced net debt by roughly a third. Similar to Mondi, we think earnings are depressed at current levels and are likely to rise in the future. However, even if earnings do not recover, Sappi is cheap. It trades at less than seven times consensus earnings for 2024.

During the quarter, the Fund added to its positions in Prosus and South32 and reduced its holdings in AB InBev and AVI.

Commentary contributed by Rory Kutisker-Jacobson

© 2024 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business. Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided. Allan Gray is an authorised financial services provider.

Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray. For more information about our annual management fees, refer to the frequently asked questions, available via the Allan Gray website.

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index

The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index vests in FTSE and the JSE jointly. All their rights are reserved.

MSCI Index

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

FTSE Russell Index

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/ are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

Important information for investors

Need more information?
You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website **www.allangray.co.za** or via our Client Service Centre on **0860 000 654**

Allan Gray Optimal Fund

30 April 2024

Fund description and summary of investment policy

The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund's return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund's selected shares relative to the stock market index. The Fund's return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits.

ASISA unit trust category: South African – Multi Asset – Low Equity

Fund objective and benchmark

The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns. The Fund's benchmark is the daily interest rate as supplied by FirstRand Bank Limited.

How we aim to achieve the Fund's objective

The Fund invests in selected shares and seeks to substantially reduce stock market risk by selling exchange-traded equity index derivatives. The selected share portfolio is derived from our thorough research process, but the selection of equities in this Fund may differ from that in the other Allan Gray funds. The deviation of the Fund's selected share portfolio from the composition of the underlying benchmark indices (on which the derivative contracts are based) is restricted and closely monitored. This does not eliminate the risk of capital loss should the selected equities underperform.

Suitable for those investors who

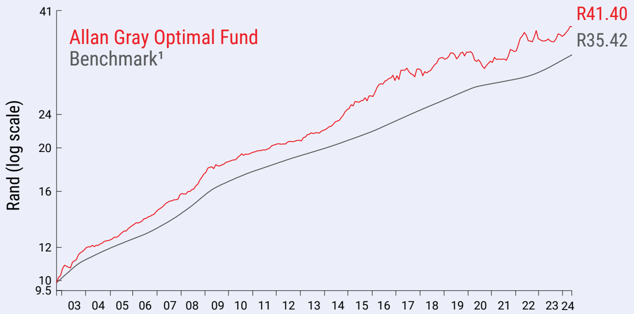
- Seek absolute (i.e. positive) returns regardless of stock market trends
- Require a high degree of capital stability over a 3-year time horizon
- Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a 'building block' in a diversified multi-asset class portfolio

Fund information on 30 April 2024

Fund size	R0.8bn
Number of units	22 503 738
Price (net asset value per unit)	R23.83
Class	A

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2002)	314.0	254.2	203.7
Annualised:			
Since inception (1 October 2002)	6.8	6.0	5.3
Latest 10 years	5.6	5.2	5.0
Latest 5 years	3.0	4.7	5.1
Latest 3 years	6.2	5.2	6.1
Latest 2 years	1.6	6.4	6.2
Latest 1 year	7.1	7.5	5.3
Year-to-date (not annualised)	4.7	2.4	1.9
Risk measures (since inception)			
Maximum drawdown[3]	-10.2	n/a	n/a
Percentage positive months[4]	73.4	100.0	n/a
Annualised monthly volatility[5]	4.4	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-8.2	2.5	n/a

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 30 April 2024.
2. This is based on the latest available numbers published by IRESS as at 31 March 2024.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 6 February 2020 to 15 September 2020. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 September 2003 and the benchmark's occurred during the 12 months ended 30 September 2003. The Fund's lowest annual return occurred during the 12 months ended 31 August 2020 and the benchmark's occurred during the 12 months ended 30 November 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Tel 0860 000 654 or +27 (0)21 415 2301 **Email** info@allangray.co.za **www.allangray.co.za**

Meeting the Fund objective

Since inception and over the latest 10-year period, the Fund has outperformed its benchmark. Over the latest five-year period, the Fund has underperformed its benchmark, which is the daily interest rate supplied by FirstRand Bank Limited. The Fund aims to deliver long-term positive returns, irrespective of stock market returns.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2023	31 Dec 2023
Cents per unit	**44.7117**	**48.3060**

Annual management fee

The fee rate is calculated daily by comparing the Fund's total performance to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

The Fund is first required to recover any underperformance before a fee higher than the fee for performance equal to the benchmark can be charged. This is known as a high watermark. If the Fund's performance is above its previous high watermark, we add 0.2% to the fee for each percentage of performance above the high watermark. The fee is uncapped.

Total expense ratio (TER) and transaction costs

The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

Top 10 share holdings on 31 March 2024 (updated quarterly)

Company	% of portfolio
British American Tobacco	8.7
Naspers & Prosus	7.8
AB InBev	6.0
Gold Fields	5.4
AngloGold Ashanti	4.8
Sasol	4.6
Mondi	4.4
MultiChoice Group	4.4
Sappi	4.0
Absa Group	3.7
Total (%)	**53.7**

Asset allocation on 30 April 2024

Asset class	Total
Net equities	1.2
Hedged equities	83.2
Property	0.9
Commodity-linked	0.0
Bonds	0.0
Money market and cash	14.8
Total (%)	**100.0**

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2024	1yr %	3yr %
Total expense ratio	**1.18**	**1.18**
Fee for benchmark performance	1.00	1.00
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.03	0.03
VAT	0.15	0.15
Transaction costs (including VAT)	**0.10**	**0.13**
Total investment charge	**1.28**	**1.31**

Since inception, the Fund's month-end net equity exposure has varied as follows:

Minimum	(September 2016) -3.6%[7]
Average	4.6%
Maximum	(November 2018) 15.4%

7. The negative net equity exposure as at 30 September 2016 is due to the cash acquisition of SABMiller by Anheuser-Busch In-Bev. This was corrected and the Fund had a positive net equity exposure by 4 October 2016.

Note: There may be slight discrepancies in the totals due to rounding.

Fund manager quarterly commentary as at 31 March 2024

The optimism that greeted our local market in the latter part of 2023 has not extended into the current year – the FTSE/JSE Capped SWIX declined by 2.3% in the first quarter. The weak performance of our market, particularly when measured in US dollars, is in stark contrast to other global equity indices which have continued to post fresh all-time highs on the back of interest rate cut expectations and a continuing rally in AI-related stocks. A lacklustre commodity price environment, low economic growth and market participants keeping an eye on the upcoming national elections are all contributing to generally poor sentiment.

Against this challenging backdrop, the Fund has had a pleasing start to the year, returning 4.8% for the quarter – 3.0% ahead of its cash benchmark. This has helped to recover some of the Fund's underperformance from the previous year. Over the trailing 12 months, the Fund has returned 8.1% compared to 7.5% for the benchmark. Among the main contributors to performance were the Fund's holdings in MultiChoice, Sappi and gold-mining stocks.

The Fund has held MultiChoice sporadically since its unbundling from Naspers in 2019. The latest position was initiated over the course of 2023 after the share sold down following a weak set of financial results. Slowing South African revenue growth with accompanying margin compression, significant currency devaluation across some of its African operations and steep losses in its Showmax streaming business as it reinvests in the offering culminated in a suspension of the dividend. In our opinion, these factors were more temporary than structural, and the market was undervaluing the quality of the business and its strong position on the continent. Subsequently, Canal+, the French broadcaster with a presence in Africa, has taken advantage of an overly depressed share price, announcing its firm intention to acquire the company which, in turn, provided a boost to the Fund's performance.

Sappi is another stock which, in our view, is currently mispriced. While the cyclical nature of the business justifies a lower earnings multiple through the cycle, its current low rating is unwarranted. The company has made significant progress in shifting away from the declining graphic paper segment, to which it has historically been overexposed, towards the growing packaging and pulp sectors. Over time, this should translate to higher margins. In early 2025, Sappi is due to complete its capacity expansion programme in the United States, an attractive market for paper producers, which should add to earnings quality in the future.

Lastly, the Fund holds a basket of gold producers that have also aided performance. The gold price (as measured in US dollars) hit record highs during the quarter on hopes of interest rate cuts as well as strong physical purchases. Elevated geopolitical and political risk are also providing price support. One of the Fund's largest gold exposures is to AngloGold Ashanti. The company has embarked on a multiyear restructuring, the full benefit of which, in our view, is still to be realised.

In addition to the exposures mentioned above, the Fund favours global businesses, such as AB InBev, British American Tobacco and Mondi, as well as attractively valued local companies, like Sasol. In contrast, we have more prudent exposure to Naspers/Prosus, diversified miners, domestic banks and local retailers.

During the quarter, the Fund added to its positions in Naspers and FirstRand and initiated new positions in Thungela and African Rainbow Minerals. Holdings in Spar and Standard Bank were trimmed.

Commentary contributed by Sean Munsie

© 2024 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray is an authorised financial services provider.

Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray. For more information about our annual management fees, refer to the frequently asked questions, available via the Allan Gray website.

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index

The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index vests in FTSE and the JSE jointly. All their rights are reserved.

Important information for investors

Need more information?
You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website **www.allangray.co.za** or via our Client Service Centre on **0860 000 654**

Allan Gray Bond Fund

30 April 2024

Fund description and summary of investment policy

The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.

ASISA unit trust category: South African – Interest Bearing – Variable Term

Fund objective and benchmark

The Bond Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk. The Fund's benchmark is the FTSE/JSE All Bond Index.

How we aim to achieve the Fund's objective

We try to balance credit risk, duration risk and liquidity risk when selecting investments. We target total returns for investors rather than trying to mirror the returns of the FTSE/JSE All Bond Index. When we cannot find value in the bond markets, our portfolio will be weighted towards cash to achieve better returns.

Suitable for those investors who

- Seek a bond 'building block' for a diversified multi-asset class portfolio
- Are looking for returns in excess of those provided by money market or cash investments
- Are prepared to accept more risk of capital depreciation than in a money market or cash investment

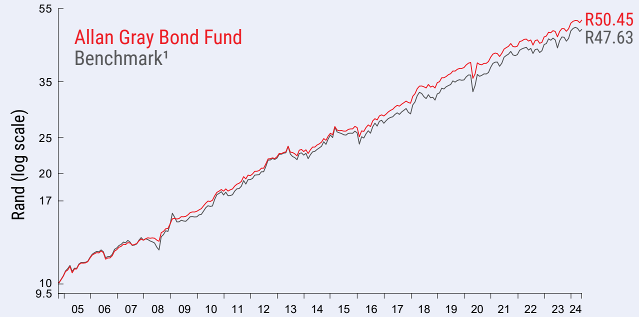
Fund information on 30 April 2024

Fund size	R7.8bn
Number of units	636 046 936
Price (net asset value per unit)	R10.01
Modified duration	4.1
Gross yield (before fees)	11.5
Class	A

1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 30 April 2024.
2. This is based on the latest available numbers published by IRESS as at 31 March 2024.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 27 February 2020 to 24 March 2020 and maximum benchmark drawdown occurred from 26 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 January 2015 and the benchmark's occurred during the 12 months ended 31 January 2015. The Fund's lowest annual return occurred during the 12 months ended 31 January 2016 and the benchmark's occurred during the 12 months ended 31 January 2016. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2004)	404.5	376.3	188.4
Annualised:			
Since inception (1 October 2004)	8.6	8.3	5.6
Latest 10 years	8.1	7.8	5.0
Latest 5 years	7.0	7.2	5.1
Latest 3 years	7.1	7.2	6.1
Latest 2 years	6.7	6.6	6.2
Latest 1 year	7.4	6.8	5.3
Year-to-date (not annualised)	0.9	-0.5	1.9
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	71.1	68.1	n/a
Annualised monthly volatility[5]	5.9	7.5	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

Meeting the Fund objective

Since inception and over the latest 10-year period, the Fund has outperformed its benchmark. Over the latest five-year period, the Fund has underperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund aims to take no greater risk than its benchmark. The maximum drawdown and lowest annual return numbers, in the 'Performance net of all fees and expenses' table, show that the Fund has successfully reduced downside risk in periods of negative market returns.

Income distributions for the last 12 months

Actual payout, the Fund distributes quarterly	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024
Cents per unit	**26.0679**	**25.7014**	**26.6398**	**25.8263**

Annual management fee

A fixed fee of 0.5% p.a. excl. VAT

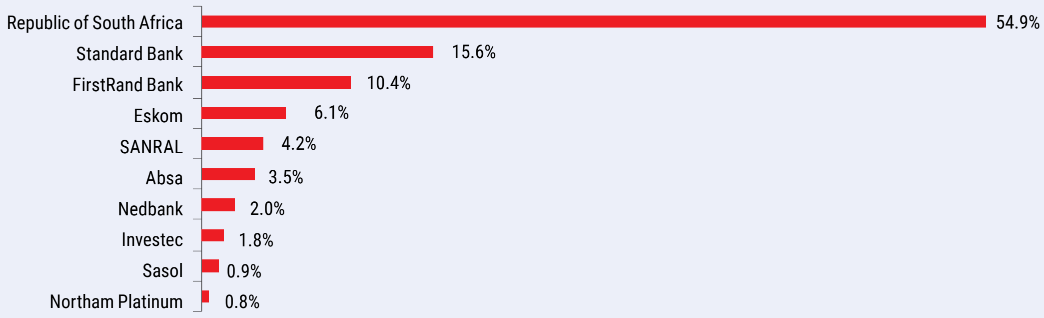
Total expense ratio (TER) and transaction costs (updated quarterly)

The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

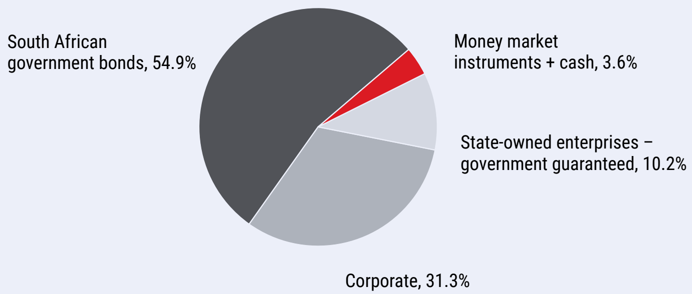
TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2024	1yr %	3yr %
Total expense ratio	**0.59**	**0.52**
Fee for benchmark performance*	0.50	0.44
Performance fees*	0.00	0.00
Other costs excluding transaction costs	0.01	0.01
VAT	0.08	0.07
Transaction costs (including VAT)	**0.00**	**0.00**
Total investment charge	**0.59**	**0.52**

*On 1 December 2021, the Fund's annual management fee changed from the previous performance-based fee to the current fixed fee of 0.5% p.a. excl. VAT.

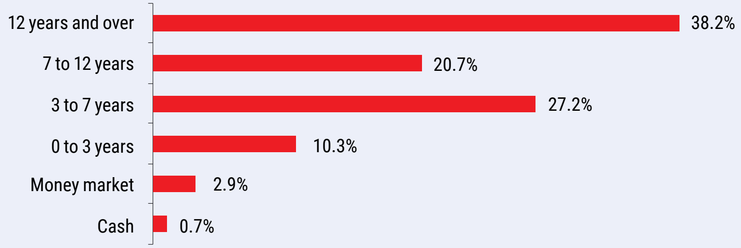
Top 10 credit exposures on 30 April 2024



Asset allocation on 30 April 2024



Maturity profile on 30 April 2024



Note: There may be slight discrepancies in the totals due to rounding.

Fund manager quarterly commentary as at 31 March 2024

South African government bonds have had a rough start to the year, as indicated by a rise in government borrowing costs (i.e. bond yields). After the SA 20-year bond yield sold off to an intra-year high of 13.2% in September 2023, it staged a recovery in late 2023 and traded down to 12.1%. Late in March 2024, roughly 80% of these gains (in price terms) had been unwound, and the bond again sold off to an elevated yield of 13.0%. Around half of this sell-off can be explained by the weakening of the 20-year US Treasury bond, as investors quite rationally questioned the market's pricing of up to seven US rates cuts in 2024 against the reality of a strong US labour market, low unemployment and sticky inflation in US services.

The drivers of US services inflation over the last few months cover quite a range of items, like costlier prices for elder care and domestic work, hospital and veterinary services, financial services and even admission to sporting events. When an economy experiences an energy, food and fuel price shock, as seen in 2022, then it is natural to expect that a second-round shock via services-led inflation could follow. This is particularly true for an economy with a shortage of low-skilled labour, like the US. When in short supply, lower-cost labourers have a lot of bargaining power, and US wage growth is unsurprisingly still running at an elevated 5.4% year-on-year with 8.8 million job openings versus only 6.4 million unemployed workers.

The other half of the sell-off in the SA 20-year government bond can be explained by South Africa-specific factors, as seen by a widening in the risk premium of SA versus US government bonds. This relates to elevated political risk heading into South Africa's May 2024 elections. Alongside this, the South African Budget in February was poorly received by the market, sparking some selling of bonds and limited reinvestment of fixed-rate bond coupons back into the government bond market – of which roughly R105bn was paid out to bondholders over the first three months of the year. The much-discussed lever of restructuring the South African public sector and closing redundant government departments and programmes received little airtime in the Budget. National Treasury instead agreed to monetise R150bn of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA), as well as carve out an additional R100bn from this account for the Reserve Bank to use in order to pay interest on the newly printed bank reserves as a sterilisation measure.

Even with such arguably drastic measures being taken, government debt to gross domestic product (GDP) is only forecast to stabilise at 75% of GDP over the next three years from 78% prior. This is still a very elevated level of debt. While GFECRA does mean that government's gross borrowing requirement over the next three years falls from R560bn per annum on average to R480bn per annum, it is not clear that there would be any room to cut the already-high quantum of weekly debt issuance from current levels given the government's anaemic cash levels.

The Budget also contained some relaxation of the budgetary spending restraint in the government wage bill forecasts, and we have yet to see fiscal anchors like a spending ceiling being imposed.

One concern is that now that GFECRA has been "discovered", it will be easier to pull on this as an emergency lever as opposed to getting to the heart and underlying cause of our structural fiscal woes. In this regard, Treasury has indicated that there could be room to monetise more in future depending on the behaviour of the exchange rate. Theoretically, every one rand of exchange rate depreciation against the US dollar creates R60bn of additional GFECRA. Given this perverse hedge, it may allow government to keep monetising the account the worse that things are going in the economy, instead of using a desperate situation to enforce reform.

SA government bonds have also continued to sell off as recent polls suggest a major decline in ANC support as we head into the May 2024 elections. Early in the year, market concerns likely centred around the notion that the rising tide of economic dissatisfaction and joblessness may also have lifted the ship of populist parties like the EFF, who promise their constituents a radical redistribution of wealth. That said, the polling data is changing quickly to reflect a larger threat coming from former president Jacob Zuma's uMkhonto weSizwe Party (MK Party), which has been polling as high as 13% nationally according to the February 2024 Brenthurst polls, taking market share from both the ANC and EFF. There are currently a range of election and coalition outcomes and clearly not all of them are positive.

In the last quarter, the Fund upweighted its allocation to senior floating-rate notes at annualised yields above 10%, to take the total allocation to floating-rate paper to approximately 30% of the Fund. It also reinvested coupons into 13-year SA government bonds as yields began to sell off but maintained its underweight duration positioning with only 45% of the Fund invested in fixed-rate government bonds. Valuations are compelling, in that a 13-year government bond bought at 12% yield would still be able to offer a five-year return of 10% per annum if it sold off to a 15% yield by the end of that period. That said, given that the Fund offers a healthy weighted average yield of 11.8% for a modified duration of 4.1, there is arguably no need to take on undue risk beyond the current allocation. A full position would also limit the ability of the Fund to participate into further price depreciation in a rising bond yield environment, which has been the status quo for the last decade in South Africa. For yields to decline on a sustained basis, we need to become an attractive investment destination again. Large pools of foreign capital have a lot of choices globally, and South Africa is small enough to ignore if the risk-reward ratio is not favourable.

Commentary contributed by Thalia Petousis

© 2024 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray is an authorised financial services provider.

Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Yield

The Allan Gray Bond Fund's gross yield is the estimated weighted average yield-to-maturity of all underlying interest-bearing instruments as at the last day of the month. Actual returns may differ, based on changes in market values, interest rates and market factors during the investment period.

Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray.

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

Compliance with Regulation 28

The Fund is managed to comply with Regulation 28 of the Pension Funds Act 24 of 1956 (the "Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within the prescribed regulatory time period. The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

FTSE/JSE All Bond Index

The FTSE/JSE All Bond Index is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Bond Index is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Bond Index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved.

Important information for investors

Need more information?
You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website **www.allangray.co.za** or via our Client Service Centre on **0860 000 654**